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# "THE DECLINE OF BRITISH COMMERCE," A REPLY.

BY BENJAMIN TAYLOR.

WHEN, at the request of the Editor, I undertook to reply to the article under this heading, which Mr. A. Maurice Low contributed to THE NORTH AMERICAN REVIEW in October last, it seemed like renewing acquaintance with an old, familiar friend. For as long as I remember we have been accustomed to hear of British decadence, actual or imminent. For certainly five-and-twenty years we have been constantly told that the country is on the down grade in commerce. That period takes us back nearly to the industrial new birth of Germany, back also to a time when the fiscal policy of the United States was much more severely criticised in Great Britain than it is now. The present writer can well recall having then advised, with much presumption, no doubt, British manufacturers not to be so severe on the American tariff, since the break down of the tariff wall and the adoption of Free Trade by America would probably be followed by the destruction of several leading British industries. Well, the quarter-century passed; the United States have not adopted Free Trade, but have built a higher tariff wall than ever; the export trade of America has doubled, and the foreign trade of Great Britain has certainly not diminished. On the contrary, it has increased; and, that it is increasing, the following comparative table of imports and exports during the last five years will show:

## FOREIGN TRADE OF THE UNITED KINGDOM.

	Imports.	Re-exports of Foreign and Colonial Merchandise.	Exports of British Manu- factures and Products.
1899.....	£485,075,514	£65,019,549	£264,660,647
1898.....	470,378,583	60,654,748	233,359,240
1897.....	451,028,960	59,954,410	234,219,708
1896.....	441,808,904	56,233,663	240,145,551
1895.....	416,689,658	59,704,161	226,128,246

Comparing 1899 with 1895, it will be seen that, in the five years, the imports have increased by £68,385,856; the re-exports

have increased by £5,315,388; the British exports have increased by £38,532,401; and the whole foreign trade of the United Kingdom has increased by £112,233,645.

There is no evidence of decline in these figures. It is true that, as Mr. Low says, it is misleading to take merely the aggregate of exports and imports in endeavouring to gauge the world's commerce. But I am not at present gauging the world's commerce. I am showing the expansion that has taken place in the commerce of the United Kingdom, at a time when we are told that it is declining. Whatever defects there may be in the barometrical value of these figures, these defects have been the same year by year, and do not affect the comparative value. A foreign trade which has increased by one-sixth in five years does not impress one with a feeling of decay. An increase of upwards of one-sixth in the exports of British manufactures in five years does not look as if the world were getting tired of these manufactures. An increase of £5,315,388 in what may be called the foreign and colonial brokerage trade of Great Britain, does not look as if either German or American enterprise were robbing her of much of that trade—though I am free to confess that this is a branch of trade into which the development of German lines of steamers has made some inroad. But it is a comparatively small branch of our foreign trade—very small compared with the volume of our carrying trade direct between countries beyond the water area of the British Isles.

We have just come through the most industrially active and commercially prosperous year in the annals of British commerce. There have been some years of higher prices; but high prices do not always mean prosperity, and in the inflation and fever-heat of the early seventies no period was so honestly active and so wholesomely prosperous as 1899. In the knowledge of that, and with the evidence of one's senses, one is naturally sceptical about that "decline" of British commerce on which Mr. Low enlarged. If it is decline we are experiencing, we can stand a good deal more of it—and, perhaps, some others viewing it may, like Punch's cabby, wish they had "alf our complaint."

If, as is the case, British manufacturers and producers have now as much work as they can manage, and are obliged to bargain for time with all fresh work offered to them, how does it matter what is the relative pace of increase of other nations? There

will come a time of slackening, of course; but it will come to others as well.

What I maintain is that the present condition of the industries and commerce of Great Britain proves the contrary of what Mr. Low asserts—that "England is steadily losing her hold of the world's markets." He uses the word "control" (not "hold"); but England never professed to control, only to supply, the foreign markets. We have never objected to any other country trying to do the same. Other nations erect tariff walls—we offer the open door to all. Stranger things than sending coals to Newcastle have happened during the last quarter of the century now expiring. We have seen American coal in England and American pig-iron in Scotland; although I do not think we have yet seen American linens in Belfast and Dunfermline, or American cottons in Manchester. But these are the mere "sports" of commerce, that do not practically affect the economics of the subject.

Let us look at this matter a little more closely. Mr. Low says: "If during the next twenty-five years Great Britain loses her trade as rapidly as she has during the quarter of a century from 1870 to 1895, she will have yielded her primacy as the greatest of the world's commercial powers." There is much virtue in that "if." I do not admit the correctness of Mr. Low's premises, but I wish to show first the falsity of his conclusions. He says that in 1870 Great Britain did rather more than thirty-five per cent. of the total of the commerce of the great industrial nations, and in 1895 under thirty per cent. This, then, was a loss of five per cent. on Mr. Low's figures, in five-and-twenty years, and a loss at the same rate during the next twenty-five years would leave us still with twenty-five per cent. Now, any one who glances over the list of exporting nations, given by Mr. Low, will perceive that any single nation doing one-fourth of the world's commerce must necessarily hold the first place.

Again, Mr. Low says: "It was because of this loss that the United States in twenty-five years were enabled to more than double their exports, and Germany to increase its exports forty-two per cent., both nations profiting at the expense of Great Britain." Once more I join issue. America and Germany have not benefited at the expense of Great Britain, for British trade has also gone on increasing. They have thriven by obtaining a

share in the commercial expansion of the world. They are both industrially young, and, as is natural in youth, they have grown rapidly. They will both continue to grow; but he is a rash man who will predict that their growth will be as rapid in the next as in the past twenty-five years. They have yet to suffer the pains of adolescence, and to find, as Britain has done, that the path of industrial progress is not all one of roses and rapture. Mr. Low, too, compares the increase in the exports of the United States, which are chiefly natural, with those of Great Britain, which are almost wholly artificial.

As to Germany, Mr. Low takes too much for granted. In order to show that the exports of German products increased 42.90 per cent., he takes the exports of Germany as of the value of £116,031,000 in 1870, and of the value of £165,895,000 in 1895. But the Germany of 1870 was not the Germany of 1895. It is really only since 1871 that Germany has become a new commercial nation. Her industrial *renaissance* dates from the period of unification, and sufficient allowance is not made by rapid commentators for the effect of political on commercial expansion. Under the Empire, a unity of action and concentration of effort previously unattainable became possible. It was Bismarck who sought to crown his political work by making Germany into a great commercial and industrial Empire. But it is impossible to discern how far his design has been achieved by comparing the trade statistics of 1870 with those of 1895, as Mr. Low does. For the commercial unity of the Empire was not affected until seventeen years after the political unity was accomplished—that is, in 1888, when Hamburg and Bremen ceased to be free cities and became absorbed in the Imperial Zollverein. There are, in fact, no complete “German” statistics available before 1889. Nevertheless, Mr. Low makes up a table with a design to prove the relatively greater progress of other nations than Great Britain’s between 1870 and 1895; and in that table he states the “special” export trade of Germany as £116,031,000 in the former and £165,895,000 in the latter year. As already pointed out, the figures Mr. Low quotes for 1870 do not include the exports of Hamburg and Bremen, the two principal ports of Germany!

The earliest period at which an unbroken series of statistics permits of a comparison of the trade of the German and the British Empires is from 1889 to 1896. In 1889, the exports of

the domestic products of Germany, forming the so-called “special” trade, amounted to £158,335,000, and in 1896 they amounted to £176,030,200. The difference is an increase of £17,695,200. or, say, eleven and one-half per cent. This is in striking contrast with the £49,814,000, and 42.90 per cent. of Mr. Low’s hypothesis. I do not propose to examine the figures he presents for the United Kingdom between 1870 and 1895, but content myself with remarking that he calculates the British increase as 13.17 per cent., while I have shown that the German increase between 1889 and 1896 was barely 11½ per cent. Mr. Low prefaces his comparison by saying: “The reason why the period from 1870 to 1895 was selected, rather than from 1874 to the present time, is that from 1870 dates Germany’s commercial *renaissance*.” The year of Germany’s commercial *renaissance*, however, was 1871, not 1870; but, as I have said, there are no statistics available to permit even an approximate comparison.

The fact which has escaped Mr. Low’s notice is that the undoubted and remarkable development of Germany is more marked by the decrease in her imports of foreign manufactures than in the increase in her exports of German manufactures. The growth in German industrial consumption has been greater than the growth in industrial production, as the population increased and settled down to the arts of peace. Between 1889 and 1896, the population of Germany increased by about four millions, and that extra population German producers were able to supply, with less assistance from foreign manufacturers than before. No one can miss the significance of this, but it does not prevent the growth of Britain’s foreign trade. Statistics published in Germany show that in 1896 the value of the international “special” trade of the two Empires—Great Britain and British possessions on the one side, and Germany and German possessions on the other—was very nearly the same. The imports from the British Empire into the German Empire amounted to £42,842,350, and the exports to the British Empire from the German Empire amounted to £41,164,850—a difference of only £1,677,500. And in this connection I quote the following from a report published last year, by Mr. Gastrell, Commercial Attaché to the British Embassy at Berlin:

“A comparison of the total ‘special’ trade of the United Kingdom and Germany in the three years—1895-97—(after due allowance for the changes in statistics on January 1st, 1899,) shows the following re-

sults: For England there are, in 1896 and 1897, rises in the value of imports of £28,827,954 and £6,063,265; and in exports an increase of £14,255,535 in the former year, and a decrease of £5,925,843 in the latter. For the Germans are found in those years increased imports of £9,324,706 and £14,095,194, and for exports a rise of £10,361,500 in 1896, but a slight fall of £226,300 in 1897. The net result of this comparison of the total exports of the two countries is, therefore, in 1897 a balance of £5,699,543 (being £5,925,843 as compared with £226,300) in favor of Germany, on that year's transactions. But this was owing almost entirely to the English loss of £5,248,000 in cotton and cotton goods in that year, a very large part of which was caused by the severe fall in price for the enormous British exports of that commodity."

As regards the development of the German shipbuilding industry, of which one hears so much, it has only been possible so far by placing on the free list all shipbuilding material imported from Great Britain.

A year ago, in reviewing the development of German-American trade, Count Von Posadowsky, Secretary of State for the Interior, recited to the Reichstag a number of interesting figures, chiefly illustrative of the growth of American exports. And then he went on to say:\*

"The case of Germany is more unfavorable than that of England. England chiefly imported cereals, cottons and valuable raw material for manufacture, and for the intermediate trade. Germany was already beginning to be seriously affected by American industrial competition. He instanced the textile, iron, steel and shoe-making industries. In the first eight months of the financial year 1897-98 no less than one-third of all the bicycles exported from America were destined for the German market. This was due to the fact that extreme protection in America not only kept up the prices of bicycles in the American market, but also artificially stimulated the bicycle industry there. When a crisis came the superfluous production was thrown on the German market at reduced prices."

In conclusion, Count Von Posadowsky gave the then latest approximate statistics of trade between Germany and the United States.

"American exports to Germany in the calendar year 1898, he reckoned, would be found to have amounted to 852½ million marks, while American imports from Germany had declined to 344 million marks. The balance of German trade with America was thus 518½ million marks against exports, a state of affairs which warranted the German Government in asking that the treaty of 1828 should be enforced in a spirit of fairness."

Now, it does not come within the purpose of this paper to

\*I quote from "The Times" report, February 14th, 1899.

analyze the trade on which Count Von Posadowsky thus commented—though incidentally I may remark that sugar would account for a good deal of the difference which disturbed him. But it does come within my purpose to show that, if any trade is declining anywhere, it is not British trade alone. Clearly Germany is not gaining in America at our expense.

Next, I take the following from the report of the British Consul-General, Schwabach, on the trade of Germany for 1898:

"I wish here to draw attention to the opinion of a celebrated German national economist, Professor Gombart, who in answer to the question—'will Germany develop into an exporting manufacturing country?'—expressed his opinion that as the exports were certainly diminishing, the development of Germany would take other directions. But opinion on this subject, even among those intimately acquainted with it, is divided. The Essen Chamber of Commerce, for example, in their annual report for 1898, prophesies a standstill, and declares that a further economic development is not to be expected."

And then Consul-General Schwabach goes on to express his own opinion to the effect that:

"The possession of additional markets, the commercial results of the journey of the Emperor to Palestine, the far-seeing policy of German industrial statistics, the appointment of an economic committee in the Ministry of the Interior, the strengthening of the mercantile marine, and last, not least, the increase of the navy; all these circumstances make themselves distinctly felt, and lead one to assume that Germany has not yet reached the high-water mark of her economic development."

Of course not, but on the same page of the consular report from which I have quoted I notice with interest a reference to the flourishing trade between Germany and British India, and a statement that the cause of this increased trade is the Merchandise Marks Act. This was undoubtedly one of the greatest blunders in industrial legislation ever achieved by a British Parliament. It gave away a large part of our foreign trade, by compelling us to tell our customers where we bought the goods, not of our own manufacture, that we sold them. It was good, honest, profitable, mercantile business. There was no earthly reason why a British merchant should not ship cheap German goods to India or Ant-arctica, if they suited his customers there and he could get a profit on them. And there was no earthly reason why he should tell his customers that the goods were "made in Germany." But an act of Parliament compelled him to tell, and thereupon his customers sent their next orders to Germany direct. This did



not increase the demand for German goods, nor did it diminish the trade in British manufactures. It simply diverted a portion of our intermediary trade. Yet the alteration in the statistics thus caused is seized upon by superficial observers as evidence of the expansion of German commerce and of the decline of British industries before German competition. It is a curious fact (though I do not wish to lay undue emphasis on it), that the decrease in the imports into Germany from Great Britain, recorded in the following table, is just about balanced by the increase in the imports from British India and Australasia. This further illustrates the diversion of our intermediary trade by the development of German merchant shipping:

## IMPORTS AND EXPORTS FROM GERMANY.

Country.	Imports.		Exports.	
	1889.	1896.	1889.	1896.
British Empire:				
Great Britain.....	£33,361,850	£27,565,650	£32,336,850	£35,639,800
East Indies.....	4,763,700	8,558,150	1,325,100	2,458,950
Australasia.....	1,722,900	5,160,200	1,062,750	1,462,350
South Africa.....	681,050	1,055,950	375,950	782,250
West Indies.....	299,550	354,700	82,750	56,400
North America.....	51,400	147,700	817,750	765,100
Russia.....	26,006,550	31,410,050	8,710,500	11,579,800
Austria Hungary.....	26,492,350	27,342,600	15,950,300	19,984,200
United States.....	15,873,430	26,415,200	19,751,800	19,162,500
France and Algiers...	13,569,950	11,476,750	10,167,350	10,066,550
Belgium.....	16,786,050	8,660,300	6,859,950	8,396,850
Holland.....	14,218,000	7,946,800	12,451,300	13,082,000
Switzerland.....	9,019,300	6,927,550	8,521,450	11,927,300
Italy.....	7,427,850	6,599,950	5,075,600	4,179,200

In the Annual Financial Review of the *New York Times* of January 1st last, I read:

"The most recent report on trade conditions in Germany was sent to Washington by Vice-Consul-General Hanauer, at Frankfort, in which he gave particular information concerning iron and coal, chemicals and paper and textiles. 'Of late,' he wrote, 'a new phase in Germany's economic life has become apparent, which affects her labor market. Some branches of trade can work only with half power because they lack the raw materials. This refers specially to rolling-mills, which suffer from a dearth of pig-iron; and industries using steel, coal and coke, though fully at work, are not making much profit on their output, as the advance in the cost of the raw materials is not compensated by the prices obtainable for the finished products. Most of the iron—and some machinery—works have contracts that will keep them busy until the middle of next year. These are now working overtime, and refuse to take any more contracts at fixed time and price. The great boom in iron and coal is principally due to the large contracts given out by the Government for its railroad stations and rolling stock, and by municipal and private corporations for narrow-gauge railroads and electric tramways; also, to the many machine works that have sprung up during the last two years.'"

And again:

"Loud are the wailings of German manufacturers and exporters of textile fabrics on account of the depressed condition of that branch of trade, which, they claim, is caused by greatly curtailed sales to the United States, and by the growing competition of American textiles in foreign markets. Being crowded out of foreign countries, the German manufacturers overload their home market, which cuts the prices and lessens the profits on domestic sales. \* \* \* Owing to the decline in the exports, the wage scale of textile operatives has of late suffered a reduction, though the cost of living is higher. Therefore, it cannot be said that the standard of life of German laborers, excepting in a few isolated branches of industry, has been raised.

"Through the reports of the Chambers of Commerce and of the trade papers runs, like a red thread, the bitter complaint of the United States tariff, which Germans admit to have boomed American manufactures and fostered America's capacity to compete successfully in the world's markets with the industrial nations of Europe."

The Germans are wrong, however. It is the removal of the tariff that will bother them.

One of the illustrations sought by Mr. Low of the decadence of British industries is the shrinkage of production of iron ore. And he compares the output of the British iron mines in 1870 and in 1895 with those of Germany and the United States. But Germany and the United States had practically no iron smelting to speak of in 1870, and, therefore, had barely tapped their deposits of iron ore. Once they began smelting, it was natural that Germany's output of ore should be quadrupled and America's quintupled in five and twenty years. But the mistake Mr. Low makes is in measuring the decline of the British industry by the decline in the output of British ironstone. That is easily explained. Between 1870 and 1895 we entered upon what may be called the age of steel. The manufacture of steel requires the smelting of hematite ores, the deposits of which in Great Britain are confined to the Cumberland district. To feed the blast furnaces of Scotland and Cleveland, in order to make steel-making iron, we had to import hematite ores from Spain. Germany and the United States are now doing the same thing, neither country having enough native ore presently available for the existing demand of the furnaces. It is perfectly true that the smelting of iron has increased enormously both in Germany and in America, and in America has reached dimensions never yet attained, nor ever likely to be attained, in Great Britain. But it is also true that, up till now, Great Britain is *the only one of the three great iron-producing countries that is able to make both for herself and*

*others.* Last year she sent something like 700,000 tons to Germany (direct and by Holland), and even some 36,000 tons to the United States. The fact is that the iron ore problem (of which Mr. Low seems to know nothing), is a matter of as much anxiety in Germany and the United States as in Great Britain. Experienced men in both hemispheres are at a loss to know where all the ore is to be procured to meet the world's demands for iron, if these demands keep on increasing, or even remain as large as they have been for the last two years. Pig iron is raw material. That country which has the best and cheapest supply of ore will naturally produce the most of it, coal being available, but the measure of a nation's industrial activity is in its consumption rather than in its production of crude iron.

Another of the "great staples" in which Mr. Low says Great Britain has lost her position is coal, and he institutes the usual comparison between 1870 and 1895 to show that Britain's proportion of the production of the coal-producing nations had declined from fifty-one to thirty-four per cent. But the fact that other nations have developed their coal resources does not necessarily imply any decline in the commerce of Great Britain. America and Germany could not have made the industrial advance they have made if they had not coal of their own. Yet, even now, Germany does not produce enough coal for her own consumption, and was last year the third largest buyer of British coal, coming closely after France and Italy; and until this year America has not produced more than she consumed. I am free to confess that I expect to see the United States soon as large an exporter of coal as Great Britain, but I do not know that that is a matter for Great Britain to regret. Outside of the coal trade itself, there is a pretty pronounced feeling in Britain that a total stoppage of the export of coal would be an advantage rather than otherwise to her. It is not possible in the space at command to discuss the whole question of coal supplies, but certainly a great deal may be said in favor of the contention that Britain would do better to keep her coal reserve for the future of her own industries than supply it to others to enable them to compete with her industries now. But, however this may be, I have shown elsewhere\* that, notwithstanding the development of coal-mining all

\*"The Nineteenth Century," July, 1898.

over the world, the British Empire in 1898 still produced thirty-eight per cent. of the world's coal.

There is another serious omission in Mr. Low's method of comparison, and that is the export of new ships built in Great Britain for foreign countries and British colonies. Until last year no record was kept at the Custom House of these transactions, but last year the value of the export of new ships was officially recorded as £9,195,192. Necessarily, this is a variable element; but it must have ranged between £5,000,000 and £10,000,000 per annum for many years past, and is an item for which other countries have had no corresponding entry in their export lists worth taking into account. There is, further, to be reckoned among British exports the large number of old ships sold every year to foreigners, and removed from the British register. No record is kept of the value of such sales, but for an example of the importance of the item, take 1899. In that year, 640,000 tons of old shipping were sold to foreigners, of which 519,000 tons were steamers and 121,000 tons were sailers. At an average of only £7 per ton, that would represent an export of about four and a half millions sterling. And, yet further, there is an item of export of which no record is kept, of which Mr. Low seems unaware, which is yearly increasing in magnitude, and in competition with which any corresponding item of any other country is insignificant. And that is the repair and renewal work done to foreign vessels at British shipyards, engine shops and boiler shops. This is an export of material, as well as of the produce of labor and applied science, which the official statisticians do not recognize. And it amounts to many millions per annum. It is, as I have said, a constantly increasing item, as is also the carrying work done by British vessels for foreign countries. This also is an industrial export. Mr. Low admits that “England still holds her own in shipping,” but, surely, an increase from thirty-three per cent. in 1872 to forty-eight per cent. in 1895 of the world's shipping is something more than “holding her own.” These are Mr. Low's figures; but the present writer, in an article on “Sea-Power and Sea-Carriage,” which he contributed to *The Nineteenth Century* in June, 1899, showed that, taking into consideration the relatively higher carrying power of steamers than of sailers, Great Britain owns fully sixty per cent. of the effective tonnage of the world. That total world's tonnage was increased in 1899

by about 1,400,000 tons, and fifty-four per cent. of all the new tonnage launched in the world during the year was for British owners. Five years ago it was computed that British-owned vessels earned about £70,000,000 sterling a year in the carriage of the goods of other countries. So great has been the expansion of shipping and sea commerce during the last five years, that one is not disposed to take a lower estimate now than £80,000,000 yearly. This is an item of industrial expansion which has escaped Mr. Low's attention.

There is another reason why a comparison between the foreign trade of Britain in 1870 and that in 1895 does not afford a fair test of progress, relative or positive. The year 1870 was the beginning of a period of high prosperity, which became exuberant and inflated beyond precedent after the conclusion of peace between France and Germany in the following year. The year 1895, on the other hand, was a year of depression, which corresponded more with the commercial conditions of 1869 or 1879 than with those of any one of the early seventies. The general decline in prices between 1870 and 1895 was probably not less than twenty-five per cent., by which proportion, therefore, the 1895 figures ought to be augmented to enable one to judge of the comparative volume of trade. This makes a wonderful difference in the relation of the British total to that of the rest of the world. So also does the bounty on the exports of beet sugar by the beet sugar growing countries. This bounty swells the export lists of the exporting countries at the expense of the taxpayers.

No such comparison as Mr. Low seeks between the trade value of one year with that of another is, or can be, just, without taking into account the changes in the prices of commodities. In the following table I select a number of the leading British exports, to show the great decline in the price of them between the two periods selected by Mr. Low.

	Average prices.	
	1870.	1895.
Alkali, cwt.....	7.70s.	4.99s.
Coal, ton.....	9.60s.	9.30s.
Cotton yarn, lb.....	18.92d.	8.50d.
Cotton piece, yd.....	4.75d.	2.86d.
Cotton thread, lb.....	39.80d.	31.87d.
Linen yarn, lb.....	14.42d.	13.60d.
Jute yarn, lb.....	3.72d.	2.46d.
Jute goods, yd.....	3.65d.	2.00d.
Pig iron, ton.....	59.15s.	47.90s.
Bar iron, ton.....	£8.14	£5.90
Cast steel, ton.....	£14.25	£13.65
Wool, lb.....	15.30d.	9.50d.
Woolen yarn, lb.....	33.70d.	21.10d.
Flannels, yd.....	17.28d.	7.70d.

A consideration of these figures—and only exigencies of space restrict the length of the list—will materially qualify the figures quoted by Mr. Low of the value of the exports of British products—£199,586,000 in 1870, and £225,890,000 in 1895.

For many years past *The Economist* has rendered valuable service in recasting the value of the imports and exports of each year at the prices of the previous year. As we are concerned just now only with the export trade, I take from *The Economist* of January 27th last the following figures:

BRITISH EXPORTS, AS DECLARED AND AS RE-VALUED.

	1899.	1898.	1897.
Declared value.....	£255,465,455	£233,390,792	£234,350,003
Calculated at prices of the previous year.....	239,613,000	233,899,000	237,054,000
Variation from price.....	+15,851,000	—508,000	—2,704,000
Variation from quantity.....	+ 6,255,000	—321,000	—3,091,000
Actual differences.....	+22,106,215	—828,916	—5,795,548

The value of new ships is deducted from the figures relating to 1899, so as to afford a proper comparison with the previous year. It will be seen that, of the great increase in the value of British exports last year, which was a year of good, of rising, and in some cases of high, prices, nearly one-third is due to the larger quantity exported; that is to say, to expansion of trade. The increase in the total external trade of the United Kingdom, imports, re-exports and British exports, was £41,167,947, of which £13,793,000 was due to increased quantities; and nearly one-half of the increase by quantity was in the exports of British products, such as Mr. Low distinguishes as “special” exports. It is to be remembered that this increase has been gained at a time of unprecedented activity in every one of the great industrial countries—America, Germany, France, Belgium—and of new industrial developments in Russia, India, Japan, and (to some extent) China. Now, if we take the figure on which Mr. Low dwells with so much foreboding, £225,890,000, the declared value of the exports of 1895, we do not need to take the trouble of re-valuation, because prices were, if anything, more in Mr. Low’s favor in 1894; that is to say, re-valuation on the rates of 1894 would tend to reduce the 1895 total. And comparing 1895 with 1899, we find an increase in British exports of £29,575,455, of which at least £12,000,000 is due to increased quantities. May Britons be forgiven

if they fail to find any evidence of decline there, however much other countries have increased?

They must also be excused from being depressed by Mr. Low's parade of percentages. It is a method of comparative statistics that may be made very sensational, but is very misleading. Thus, it is disturbing only to superficial observers to read that the exports of Russia increased 17.35 per cent. in the twenty-five years, whilst those of Great Britain increased only 13.17 per cent. But the volume of increase was only £9,890,000 in the one case, and it was £26,304,000 in the other. Again, it is startling to learn that, between 1870 and 1895, the exports of the United States increased 110.66 per cent; but the total in 1895 was £34,000,000 less than Britain's total in 1870, and £60,600,000 less than Britain's total in 1895. If a small manufacturer making, say, £2,000 of profit yearly, raises his profits one year by £1,000, he has increased his trade fifty per cent. But if his neighbor, making £20,000 yearly, at the same time raises his profits to £22,000, by an increase of ten per cent. in his much larger trade, I don't think the bigger man would consider himself on the down grade, nor justified in feeling nervous or jealous at the growing trade of the smaller man.

It is perfectly true that "the majority of Englishmen have not yet realized that England is fast being outstripped in the commercial race," though many of them are quite familiar with the Swedish statistics that seem so convincing to Mr. Low. They are well accustomed to being told so, even by their own callow, yet zealous Consular Agents, who think it their duty, in reporting to their official superiors on the state of commerce in their respective districts, to lecture the astutest traders and the most experienced manufacturers in the world on how to manage their own businesses. We all know the pig-headed, stupidly conservative British trader evolved out of the inner consciousness of the Consular clerk, but I do not think our American or German competitors abroad know him. And I have seen very creditable copies of him in German and American dress in German and American consular reports. The fact is that the British trader has been too much accustomed for centuries to rely on his own individual enterprise, foresight and sagacity to have much faith in the Consular Agent as a national commercial traveler. Consuls are, of course, very necessary and useful officials in their own line; but

"they don't know everything down in Judee," and the wheels within wheels of trade cannot be followed by one not in trade. The Consul can only report what he is told, and he is told only what it suits somebody to tell him. I have extracted one or two examples from American and German official papers that may not be without instruction in this connection.

In 1896 a German Export Commission was sent out to study the markets of China, Korea and Japan. It brought home a vast collection of samples and a good deal of useful information, of which German manufacturers have been since endeavoring to make the utmost. With regard to this mission, the United States Consul-General at Frankfort thus wrote:

"There is in all the specialized work of these commissions a broad recognition of the fact that, in foreign trade, it is the buyer, not the seller, who determines the kind of article he wants and the form in which he wants it turned out, labelled and packed for shipment to him. It is the business of the seller not to force upon the consumer something that he never heard of and does not want, but to ascertain exactly what he has used and sold hitherto, and then to furnish him with something of the same general kind—but better for his money—that he has had before. The exporter who succeeds best is, other things being equal, he who learns most accurately the wants of his customers and supplies them most nearly in the currency and on the terms and conditions to which the buyer is accustomed. At present, the Germans are perhaps the ablest masters of this theory of export trade; the English are thought to have lost much for want of it, and Americans will undoubtedly excel in it when once they realize its importance."

As against this I will place the testimony of the correspondent of a British trade journal, *The Machinery Market*—in the Mediterranean:

"It is curious to note that the United States manufacturers (of hardware and machinery) are fast gaining ground in the Levant, at the expense of the German industry. It may be assumed that, in the course of time, in the hardware and machinery trade, Great Britain and the U. S. A.—in other words the Anglo-Saxon race—will 'eat up' the Teuton race, in this and many more lines; this, notwithstanding the fact that the German Consular Service is the very best in the world—a praise to which it is eminently entitled—while on the other hand our British Consular Service leaves much to desire, and to deplore."

The following was written by the United States Consul-General at Frankfort for the benefit of American traders:

"Salesmen who frequently come to Germany with no knowledge of any language but English are seriously handicapped, and this



disadvantage is still further increased when the traveller puts himself into the attitude of a peddler, by attempting to sell goods of wholly different classes and character, as, for instance, shoes, machinery, belting, lumber and bicycles. No man willing to accept the hard life of a commercial traveller is likely to understand fully all these diverse branches of trade, and his efforts to sell something concerning which he is ignorant are generally and deservedly abortive. Export syndicates have their distinct, and often very important, uses; but their best results are accomplished when they represent most fully different products in one special line or department of trade."

The point in this testimony is that it is not only British consuls who are dissatisfied with the tradecraft of their fellow-countrymen.

I do not know of the "antagonism to a new thing," which, Mr. Low says, throws us five and twenty years behind America. He instances the Underground Railway. But the Underground Railway was made many years before the Overhead Railway, and before electricity was applied to locomotion. We do not love the Underground Railway, but we prefer it to the Overhead Railway, just as we prefer to take our luggage with us when traveling to have it delivered to us hours after we want it. Electric lighting has been adopted less rapidly in Great Britain than elsewhere simply because coal and gas have been cheaper there than anywhere else. So, likewise, the streets of our old towns and cities are not so well adapted to tramway services as are the streets of most new American towns. We have not pulled down and rebuilt our towns in order to make room for street cars, but we can provide a cheaper service than America, where, I believe, a half penny fare is unknown. The labor-saving devices in office and factory that Mr. Low thinks peculiar to America are perfectly familiar in Britain. The head of a great establishment in England or Scotland does just as Mr. Low represents the American boss as doing, with his electric buttons and desk telephones and all the rest.

I don't know the Englishman, whom Mr. Low describes, who, "if he wants his cashier, rings a hand bell, which is answered by a boy, to whom the message is given, and in course of time the cashier appears," though I fancy I have heard of the American who, "before the Englishman can tell the cashier to make out the check, has cashed his check at the bank, invested the proceeds and made a profit." Is he not the boss of the famous establishment

where they saved half a million dollars per annum in ink alone by not crossing their t's and dotting their i's—before, of course, the evolution of the typewriter? The Englishman, I know, would have had his investment made long before he drew his check, which he would only draw to close, not to open, the transaction.

What British trade suffers most from is neither national conservatism, nor John Bullish obstinacy, nor the natural development of America and Germany, nor the stupidity of the British "boss," nor afternoon tea, but Trade Unionism. This it is that cripples us, by enhancing the costs of production and constantly restricting the output. Mr. Low doubts whether the tyranny of the British Trade Union is any more oppressive than that known in America. But he does not know British Trade Unionism, of which I could tell him moving tales enough to "make his flesh creep." "Why does not the United States suffer from the same cause?" asks Mr. Low. Have patience. The turn of both the United States and Germany will come—will not now be long in coming.

But while Britons neither believe themselves to be the congenital idiots they are depicted by some of their own officials, nor can find in their own conditions, in the industrial activity and social prosperity of the country, any evidence of that dry rot and decline which Mr. Ernest Williams and Mr. Maurice Low think they have discovered, it is quite a mistake to suppose they are filled with a consuming desire to monopolize the trade of the world. They are not in the least alarmed at American competition, for instance. They know that in time it will take the gilt off a good deal of their gingerbread, but they know by experience that, as the world develops, new industries grow. Some may pass from Britain to America, but others will succeed. Change is not necessarily decay. And I wish Americans could understand that the industrial development of the United States is not regarded with jealousy and envy by Great Britain, but rather with the quiet pride with which a man watches the progress in life of his own son. It is an old saying that "there is no friendship in business." Whether this be true or not, there is certainly no need for enmity. The more prosperous America becomes, the better will it be for us and the rest of the world, though the conditions may undergo change.

BENJAMIN TAYLOR.